Relationship Quality, Relationship Value, Purchasing Intention: An Empirical Study in the Retail Industry in the USA, Japan and Taiwan

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ABSTRACT
Due to the increasing globalization of the marketplace, understanding consumer culture has become a most critical issue. The purpose of this study is to review the past literature and propose a model of “quality-value-purchasing intention.” This study examines this model by focusing on 7-Eleven convenience stores in Japan, Taiwan and the USA. A total of 156 college students from Waseda University in Japan, Cheng Kung University in Taiwan and the University of California, Los Angeles (UCLA) in the USA were recruited as participants. The results indicate that the USA’s consumers relate quality and relational value as well as retail trade purchasing intention with forward influence relations. Moreover, relational value takes on an intermediary role in Japan, but not in Taiwan.

Key words: relationship quality; relationship value; purchasing intention; retailing.

1. INTRODUCTION

Changes in the global environment are presenting marketers with both new opportunities and challenges. In the 21st century, globalization, competition, and technological advances have accelerated the need for changes in buyer-seller relationships. Since the 1990s, the internationalization of modern retailing has altered the dynamics and led to market saturation in many developed western countries. However, if an organization desires to survive and flourish in a global economy it must understand the values and behaviors of its final consumers.

Leonard Berry first wrote about relationship marketing in 1983, and also pioneered work in the service context. Since that time relationship marketing has been intensively discussed in terms of consumer and marketing research for more than two decades. It has also become one of the main streams in marketing research (Grönroos, 1994), and related issues have received a great deal of attention from both theorists and practitioners. Relationship marketing is defined as “attracting, maintaining, and enhancing customer relationships” (Berry, 1983, p. 25). Indeed, relationship marketing is the common strategic recommendation that firms should increase customer relationship perceptions to help emphasize a long-term interactive relationship between the provider and the customer, and long-term profitability (Gummesson, 1994; Sheth & Parvatiyar, 1995). Reichheld (1996) pointed to the importance of relationship marketing in terms of international markets; as keeping a customer costs up to six times less than attracting a new customer.
There are many constructs that affect buyer-seller relationship factors. The previous literature has measured some of the core constructs of relationship marketing such as trust, commitment, communication, conflict resolution, cooperation, satisfaction, interdependence, and joint action, among others. In addition, some research has measured the outcomes of relationship marketing in terms of loyalty and retention, long-term orientation, relationship performance, relationship value and relationship benefit. In this study, we propose a model of “quality-value-purchasing intention” to examine the context of low relationship involvement.

The current global environment, from a managerial perspective, includes a more comprehensive understanding of native culture. Javalgi and White (2002) state that cultural elements including social institutions, gender roles, language, religion, aesthetics, education, and time orientation are all closely intertwined with national culture. Thus, cultural differences can have profound effects on purchasing behavior. Buckley (2002, p. 369) clearly states that “an important element in international business theorizing and empirical studies [is] the role of culture and in particular the impact of differing national cultures (Hofstede, 1983, 1991).

In this paper, we provide our model of quality-value-purchasing intention in relation to three different cultures and utilize an international retailing firm to shed light on its relevant contributions. In doing so we examine the relationships between relationship quality, relationship value, and purchasing intentions at the consumer level in terms of the retail industries of the USA, Japan and Taiwan.

2. CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 Relationship Quality and Relationship Value

Relationship quality in the context of service marketing is defined as a situation where “the customer is able to rely on the salesperson’s integrity and has confidence in the salesperson’s future performance because the level of past performance has been consistently satisfactory” (Crosby, Evans, & Cowles, 1990). Dwyer et al. (1987, p. 13) point out that relationship quality is stated as “a higher order construct consisting of several distinct, although related dimensions.” In previous studies, various marketing scholars such as (Crosby et al., 1990); Dwyer et al. (1987); Kumar, Scheer and Steenkamp (1995) and Dorsch, Swanson and Kelley (1998) conceptualized relationship quality as a multi-dimensional construct. Hennig-Thurau and Klee (1997, p. 751) state that relationship quality is the key variable for successful relationship marketing. However, there is some disagreement as to the dimensions that make up relationship quality: “There is no consensus on which dimensions make up relationship quality, they only exist in the various conceptualizations” (Dorsch, et al., 1998, p. 129).

Several periodical articles have explored the aspect of relationship quality over the past years to better understand the documented dimensions and components of relationship quality. The most cited components pertaining to relationship quality in empirical papers are trust, commitment and satisfaction. For
example, in a service study performed by Dwyer et al. (1987), relationship quality was determined to be composed of at least two dimensions in terms of salespeople: trust and satisfaction. Later, Crosby et al. (1990) used trust and satisfaction as dimensions in their study. Morgan and Hunt (1994) sketched out the KMV model and found trust and commitment to be two more relevant constructs in the theoretical conceptualization of relationship quality. Still, few studies on buyer-seller relationships share many common dimensions of relationship quality (Heide & John, 1990). These dimensions are; commitment (Dorsch et al., 1998; Dwyer et al., 1987; Morgan & Hunt, 1994), trust (Berry, 1995; Crosby et al., 1990), satisfaction (Ganesan, 1994), social bonding (Smith, 1998) and conflict (Kumar, et al., 1995; Morgan & Hunt, 1994). Scholars, such as Garbarino and Johnson (1999), De Wulf, Odekerken-Schroder and Lacobucci (2001) and Dwyer et al. (1987) use satisfaction, trust, and commitment as dimensions of relationship quality.

The value concept is a basic constituent of relationship marketing (Palmatier, Jarvis, Bechkoff & Kardes, 2009). The ability to provide superior value to customers is a prerequisite when trying to establish and maintain long-term customer relationships (Ravald & Grönroos, 1996). Hence, the concept of relationship value is an attempt to build closer relationships in business. When relationship value is determined, the most valuable customers are given priority. Hogan (1998) proposed that relationship value is the net value of tangible and intangible benefits perceived by customers. In addition, relationship value is made up of the convenience and fairness which customers receive from the relationship. However, Jacobs (1998) argues that relationship value is the value aggregation of what customers receive from the goods and services provided by companies.

Relationship quality is particularly relevant to interactions between customers and salespeople. Customer response to a product contributes to the degree of trust that they feel for the salesperson and their satisfaction with the service offered by the salesperson. Therefore, relationship value is created by the tangible and intangible benefits perceived by customers. If salespeople fail to act on customer complaints, they lose credibility. If, however, customer complaints lead to (measurable) improvements, the relationship between salespeople and customers should be enriched. A study by Dwyer et al. (1987) examined relationship quality in the service industry and found that high relationship quality indicates that customers are able to rely on the integrity of salespeople because the level of past performance was consistently satisfactory.

On the basis of the above, we generated several hypotheses:

Hypothesis 1: In different cultures, relationship quality is positively related to relationship value.

Hypothesis 1a: In different cultures, trust is positively related to relationship value.

Hypothesis 1b: In different cultures, satisfaction is positively related to relationship value.

Hypothesis 1c: In different cultures, commitment is positively related to relationship value.

2.2 Relationship Value and Purchasing Intention
Zeithaml (1988) defines perceived value as “the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given” (p. 14). He further offers four diverse meanings for the term value: (1) value is low price, (2) value is whatever one wants in a product, (3) value is the quality that the consumer receives for the price paid, and (4) value is what the consumer gets for what they give. However, Ulaga and Egger (2005, pp. 75-76) extended value studies and identified four recurring characteristics: (1) customer value is a subjective concept, (2) it is conceptualized as a trade-off between benefits and sacrifices, (3) benefits and sacrifices can be multifaceted, and (4) value perceptions are relative to competition.

Regarding intention, Fishbein and Ajzen (1975, p. 288) defined it as a “…person’s location on a subjective probability dimension involving a relation between himself and some action.” Bagozzi, Baumgartner and Yi (1989) stated that intentions are the single best predictor of planned behavior, and are also an unbiased predictor of action. Purchasing intention, however, is basically determined by relationship value.

Payne and Frow (2005, p. 172) stated that the value the customer receives from an organization draws on the concept of the benefits that enhance the customer offer. As value of relationship is created, the relationship between salespeople and customers should lead to more enhancements. Therefore, relationship value makes consumers more likely to increase their purchasing intentions. Considering the above, we postulate:

Hypothesis 2: In different cultures, relationship value is positively related to purchasing intention.

2.3 Relationship Quality and Purchasing Intention

Relationship quality plays an important role when studying the relationships that exist between customers and businesses. For example, trust (Morgan & Hunt, 1994), commitment (e.g., Pritchard, Havitz, & Howard, 1999), and satisfaction (Zeithaml, Berry & Parasuraman, 1996) all positively affect customer purchasing behavior (Reichheld, 1996). There are numerous research papers that focus on situations where continual purchases by a buyer are used to predict customer behavior, such as Anderson and Mittal (2000), who discussed satisfaction and performance; Dick and Basu (1994), who researched loyalty (especially pledges as well as trust using loyalty establishment and satisfaction) to make predictions about customer purchasing intentions. These studies provide more understanding about the antecedent factors of purchase intentions.

Fishbein and Ajzen (1975) state that intentions are perhaps the best predictors of actual behavior in spite of the pervasive view that states: it has long been recognized that answers to stated intention questions are not perfectly correlated with actual purchases (Morwitz, 2001). Supporting customers' search behavior may lead to more satisfied customers and increase purchase intention among customers. For example, in a literature review Eriksson and Vaghlult (2000), pointed that there is a positive effect of relationship satisfaction on customer retention and purchase levels. Sirdeshmukh, Singh and Sabol (2002) state that trust determines customers' future behavior towards a service provider.
Hypothesis 3: In different cultures, relationship quality is positively related to purchasing intention.
Hypothesis 3a: In different cultures, trust is positively related to purchasing intention.
Hypothesis 3b: In different cultures, satisfaction is positively related to purchasing intention.
Hypothesis 3c: In different cultures, commitment is positively related to purchasing intention.

3. METHODS

3.1 Sample and Data Collection

This research selects the convenience retailing sector for the context of our empirical study, and the specific retail outlet 7-Eleven Inc. due to all the respondents having experience of this enterprise. The sample of consumers was drawn from college students at Waseda University in Japan, Cheng Kung University in Taiwan and the University of California at Los Angeles (UCLA) in the USA. The principle reason for choosing 7-Eleven for this research is that it is one of the largest operator, franchisor and licensor of convenience stores in the world; serving over six million customers each day. The company is also the largest convenience store chain in the USA, Taiwan and Japan.

The data were collected using the survey instrument that was first designed in English. After finalizing the English version the questionnaire was translated into Japanese and Chinese. These versions were then back-translated into English. Wordings that were confusing or inappropriate were corrected to ensure item equivalence across the different languages. One hundred students were recruited from each country; the USA, Japan, and Taiwan to participate in the study, with an effective response rate of 92%, 76%, and 80% respectively.

3.2 Measures

The three metric constructs in the model described above were operationalized on the basis of the following descriptions. Most of the measures of the constructs were obtained from the literature, thus ensuring construct validity and reliability. A 7-point scale was used. The multiple items and their Cronbach’s alpha for each of the variables are described in the following section.

Relationship quality, adapted from Crosby et al. (1990) and Morgan and Hunt (1994), was measured by three dimensions: trust, satisfaction and commitment. Cronbach’s alpha of relationship quality (trust, satisfaction, and commitment) were 0.841, 0.715, and 0.881 in Japan; 0.930, 0.799, 0.910 in Taiwan, 0.953, 0.912, 0.959 in the USA. Relationship values were derived using seven items adapted from Gwinner, Gremler and Bitner (1998). For example, “considering all benefits and sacrifices associated a relationship with 7-Eleven, how would you assess its value?” Cronbach’s alpha was 0.781 in Japan, 0.871 in Taiwan and 0.904 in the
USA. Purchasing intention, adapted from Zeithaml (1988), has three items, for example, “I will continue to purchase a beverage or drink when it is available at 7-Eleven.”

4. RESULTS

To test the hypotheses, the independent variables (relationship quality, relationship value), and the dependent variable (purchase intention) were entered simultaneously into a multiple regression analysis. This study used Baron and Kenny’s (1986) approach to procedure for mediation and to examine three hypotheses. The procedure involves estimating three separate regression equations: (a) the mediator is regressed on the independent variable, (b) the dependent variable is regressed on the independent variable, and (c) the dependent variable is regressed on both the independent variable and the mediator. The following conditions must be met in each equation: (a) The independent variable must affect the mediator, (b) the independent variable must affect the dependent variable, and (c) the mediator must affect the dependent variable (Dirks, 2000, p. 1008).

The estimates for the three regression analyses are provided in Table 1. Baron and Kenny (1986) proposed a three-step procedure for assessing the mediating role of the empowerment dimensions. First, the independent variables should be significantly related to the mediator variables. We tested the mediators (relationship value) regressed on the independent variables, which is relationship quality (trust, satisfaction, commitment). This satisfied the first requirement for mediation and provided strong support for Hypothesis 1. In Japan, however, the beta weights for satisfaction were only significant for the dimension of relationship quality, as shown in Table 2 (equation 1). Thus, partial support was provided for Hypothesis 1 in both Japan and Taiwan.

Second, the independent variables (relationship quality) should be related to the dependent variables (purchasing intention). In Table 1, equation 2, the beta weights for satisfaction and commitment were significant for the dimension of relationship quality, as shown in Japan, and had a significant effect on purchasing intention. However, the beta weight for trust only was significant for impact and purchasing intention in Taiwan. Thus, partial support was provided for Hypothesis 3 in both Japan and Taiwan.

To test the third step of mediation we regressed the mediating variables (relationship value) to the dependent variables (purchasing intention) with the independent variables (relationship quality) in the equations (Table 1). In equation 3 of Table 1, the beta weights for satisfaction and relationship value were positive and significant for impact and purchasing intention as the dependent variables in Japan. Trust and Commitment were not significant for any of the dependent variables. In Taiwan, however, the beta weights for relationship value were not positive and significant for impact and purchasing intention, only the beta weight for trust was significant for purchasing intention in Taiwan. Thus, partial support was provided for Hypothesis 2 in Japan but not in Taiwan.
Table 1. Results of Regression Analyses

<table>
<thead>
<tr>
<th>Equation</th>
<th>Dependent Variable</th>
<th>USA (N=92)</th>
<th>Japan (N=76)</th>
<th>Taiwan (N=80)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Independent</td>
<td>b</td>
<td>t</td>
</tr>
<tr>
<td>1</td>
<td>Relationship value</td>
<td>Trust</td>
<td>.38</td>
<td>-2.913</td>
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<tr>
<td>2</td>
<td>Purchasing intention</td>
<td>Satisfaction</td>
<td>.28</td>
<td>2.429*</td>
</tr>
<tr>
<td>3</td>
<td>Purchasing intention</td>
<td>Satisfaction</td>
<td>.11</td>
<td>.250*</td>
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Note. * p < .05, ** p < .01, *** p < .001.

Table 1. Results of Regression Analyses (continued)

<table>
<thead>
<tr>
<th>Equation</th>
<th>Dependent Variable</th>
<th>Independent</th>
<th>b</th>
<th>t</th>
<th>F</th>
<th>R²</th>
<th>Independent</th>
<th>b</th>
<th>t</th>
<th>F</th>
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<th>Independent</th>
<th>b</th>
<th>t</th>
<th>F</th>
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<td>1</td>
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<td>.16</td>
<td>1.24</td>
<td>10.642***</td>
<td>.278</td>
<td>Satisfaction</td>
<td>.29</td>
<td>2.28*</td>
<td>.16</td>
<td>1.24</td>
<td>10.642***</td>
<td>.278</td>
<td>Commitment</td>
<td>.21</td>
<td>1.63</td>
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<tr>
<td>2</td>
<td>Purchasing intention</td>
<td>Satisfaction</td>
<td>.16</td>
<td>1.45</td>
<td>20.804***</td>
<td>.442</td>
<td>Commitment</td>
<td>.37</td>
<td>3.31***</td>
<td>.16</td>
<td>1.45</td>
<td>20.804***</td>
<td>.442</td>
<td>Trust</td>
<td>.27</td>
<td>2.43*</td>
</tr>
<tr>
<td>3</td>
<td>Purchasing intention</td>
<td>Satisfaction</td>
<td>.12</td>
<td>1.07</td>
<td>19.744***</td>
<td>.500</td>
<td>Commitment</td>
<td>.28</td>
<td>2.58*</td>
<td>.12</td>
<td>1.07</td>
<td>19.744***</td>
<td>.500</td>
<td>Relationship value</td>
<td>.21</td>
<td>1.95</td>
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Note. * p < .05, ** p < .01, *** p < .001.

Table 2. Lisrel model

<table>
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<tr>
<th>Index</th>
<th>Area</th>
<th>Result</th>
<th>USA criteria (Yes/No)</th>
<th>Meet criteria (Yes/No)</th>
<th>Japan criteria (Yes/No)</th>
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<td>28.74(0.28)</td>
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<td>54.82(0.052)</td>
<td>p&lt;0.05</td>
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<td>54.82/31=1.76</td>
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<td>0.88</td>
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Table 2. Lisrel model (continued)

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<td>Root Mean Square Error of Approximation (RMSEA)</td>
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<td>0.071</td>
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<td>0.063</td>
<td>&lt;0.08</td>
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</table>

5. CONCLUSION

The increasing trend toward international marketing activities provides a strong reason to understand the cultural context of consumer behavior (Maheswaran & Sharon, 2000). Because the buyer-seller relationship between the customer and salespersons drives customer evaluation (e.g., Bitner, Booms, & Tetreault, 1990), multinational enterprises (MNE) need to be particularly sensitive to the cultural diversity of their customer base. Mattila and Patterson (2004) suggest that developing firm-wide service recovery procedures and training customer contact employees to understand how to adapt service delivery and recovery efforts to the values of major cultural groups is needed to successfully compete in the 21st century.

This research contributes to the relationship marketing literature by shedding light on the role of culture in influencing consumer quality of relationship to purchasing intention at the consumer level in the retailing industry of Japan and Taiwan. We especially focus on relationship value as mediator. Consumer cultural differences might affect customer perception of relationship value.

The results of this study have managerial and theoretical implications. From a managerial point-of-view there are major implications. First, our research shows that relationship value is crucial in managing relationship quality and purchasing intention. Relationship value does not have a positive impact in Taiwan. In Japan, however, offering superior value to the customer has a positive effect on stabilizing purchasing intention. From the aspect of the consumer culture between the USA, Japan and Taiwan, a system of consumer services in Japan where the phrase “the customer is always right” does achieve customer satisfaction. The personality trait model of the Japanese person shows an individual who is more conscious of the feelings of others, as opposed to his or her own.

Second, our research underlines the importance of satisfaction building activities within a relationship marketing approach in Japan and the USA. Third, the increasing use of relationship quality makes the findings of this study important in a practical sense. In this study, there is some evidence that relationship quality in convenience retailing can affect relationship value and purchasing intention. On the basis of the present study, the dimensions of relationship quality appear different
between the USA, Japan and Taiwan.

From a theoretical point-of-view, this study establishes a law-like generalization that relationship quality is an antecedent of relationship value. According to Hunt (1991, p. 164), “All purportedly theoretical constructions must contain law-like generalizations because a major purpose of theory is to explain phenomena, and all scientific explanations of phenomena contain law like generalizations.”

5.1 Limitations and Research Directions

The results of the present work cannot be interpreted without taking into account the study's limitations. This research also generates researchable questions that would benefit from further investigation. First, the sample of retailing companies selected only 7-Eleven Inc. and is not representative of the population of retailing companies. A randomized sample using other sources such as other retailing companies could be used. In addition, a replication of the study in other countries would allow for a cross-cultural validation of our results.

Second, the primary objective of our study was to integrate relationship quality, relationship value and purchasing intention. However, various variables may moderate the links between relationship quality, relationship value and purchasing intention. Therefore, future studies may consider cross-level analysis to identify the impact of moderating variables at the country-level or firm-level.

REFERENCES


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